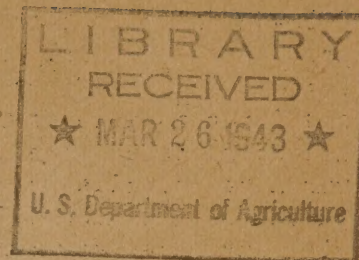


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United States Department of Agriculture
USE EXTENSION SERVICE
Washington, D. C.

THE PROTEIN FEED SITUATION*

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Although total feed supplies have been much larger than average during the past 3 years, increased livestock production has resulted in a greatly increased utilization of feeds. Feed grain supplies, including wheat made available for feeding, seem entirely adequate to meet demands during the first half of 1943. Total protein feed supplies, however, have not been sufficient to meet the demand during recent months, and protein feeds in unmixed form have been very scarce even though the supply of most protein feeds have been above normal during the last quarter of 1942.

It is estimated that the production of oilcake and meal from the four principal oilseeds--cottonseed, linseed, soybeans, and peanuts--will be about 40 to 50 percent larger during the current quarter of 1943 than in this quarter last year. This margin of increased production may be nearly double through the April-June quarter of 1943 compared to last year. With a slowing down of feeding operations during the spring and early summer months, oilmeals should become more adequate than at present. However, because of the relative cheapness of oilmeals in relation to livestock products, the increase in the price of other feeds, and the limited supplies of animal protein feeds, there will likely be very little decline in the price of oilmeals during the summer months and not much accumulation of stocks for carry-over into the 1943-44 marketing season.

With increased livestock slaughter, the 1943 production of tankage and meat scrap is expected to be larger than in 1942, but fish meal production is expected to be much smaller. Smaller supplies of fish meal result from a curtailment of operations in the fishing industry and the utilization of a larger proportion of the catch for human food. The quantity of skim milk available for livestock feeding also will be reduced in 1943. It is estimated that the aggregate supply of these four animal protein feeds will be about 3 percent less than the quantity fed in 1942.

Because of the shortage of supply of protein feeds in relation to demand during recent months, the Office of Price Administration and the Commodity Credit Corporation have effected several orders and rulings which are pointed at making these feeds more available to the rank and file of livestock feeders, especially in the form of supplements to feed grains. Oilseed Order No. 6, issued by the C.C.C., limited individual

* A much more complete statement on the factors affecting the feed supply is to be found in the January issue of the Feed Situation, which is prepared by the Bureau of Agricultural Economics, U. S. D. A. Much of the information presented herein was taken from that publication.

sales, deliveries, exchanges, and inventories of oilseed meal and cake to a 15-day supply. but permitted supplies up to 45 tons in the case of any person who regularly receives deliveries of these products in carload lots. This order (in effect from December 29, 1942, through February 28, 1943) was later modified for ranch feeding in view of the long hauls which are necessary to get the cake to feeding areas. The amendment reads that the purchases of oilseed products by ranchmen shall not be restricted "if such purchases are made in quantities and at intervals which are in accordance with purchases regularly made by such ranchmen, and such purchases are necessary for economical use of transportation facilities under O.D.T. regulations and to provide a readily available supply of oilseed products for ranch feeding." The amended order also permitted purchases in minimum carlots as determined by O.D.T. regulations, instead of limiting purchases to 45 tons. On December 31, 1942, C.C.C. issued Oilseed Order No. 7, which provides that beginning January 2, 1943, and until further notice, "no person shall place any order for, accept delivery of under existing contracts, or acquire by crushing, any oilseed product for manufacture into mixed fertilizer for sale." This order does not prohibit a farmer, however, from purchasing oilseed meals and utilizing them for fertilizer purposes.

To further make soybean meal and cake available to farmers and stockmen, the C.C.C. is shipping soybeans to many mills in the South, East, and on the Pacific coast for crushing purposes. Some meal and cake resulting from the crushing operations in the South will be available to meet local requirements, some will be used to fill outstanding orders of processors in the main soybean-producing belt, and some of the meal will be moved directly to principal livestock-producing areas. It should be added in this connection that a number of State agricultural war boards have arranged with the A.A.A. and the C.C.C. for the shipment by carload lots of oilmeals into their respective States to meet local acute shortages.

In the interest of keeping feed prices in line with other prices the O.P.A. has recently issued orders placing ceilings on mixed feed prices and on corn and has specified the margin that may be taken by wholesalers, jobbers, and retailers, for handling oilseed products in performing their usual functions. These margins, as specified in Amendment 81 to Supplementary Regulation 14 of the General Maximum Price Regulation, are that a jobber may take a 50-cent margin, a wholesaler take a \$2.50 margin, and a retailer may take a \$5.50 margin when buying oilmeal or cake from a processor. However, if a wholesaler buys these products from a jobber he may take only a \$2 margin, and the retailer may take a \$5 margin when buying from a jobber. If a retailer buys from a wholesaler, his margin is limited to \$3. In any event the total margin or combination of margins cannot exceed \$5.50 between the processor's and retailer's prices.

In issuing Amendment 87 to Supplementary Regulation 14, the O.P.A. placed a ceiling on all mixed feed prices, effective January 22, 1943. These ceilings are effective at producer, wholesaler, and retailer levels. The ceiling for the manufacturer is the cost of ingredients plus his

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average margin during January, March, May, October, November, and December 1942. This provision may be succeeded by fixed dollar-and-cent mark-up for each class of manufacturer after these margins have been reported to O.P.A. Wholesalers of mixed feeds are allowed a \$2.50 per ton mark-up as their ceilings, and retailers a \$7.50 per ton mark-up. These margins will not change, but mixed feed prices may reflect increased costs of ingredients not affected by price ceilings. It is also provided in the order that no feed manufacturer may calculate any ingredient in his mixed feed costs at a higher price than the maximum price fixed for that ingredient.

Effective January 12, 1943, price ceilings for corn were announced by O.P.A. These ceilings were made effective on all exchanges and in every cash and local market and generally at the highest prices at which corn sales were made on January 11, 1943. On cash corn in the local markets, ceiling prices will be alternatively: (1) The maximum price at which the seller did business during the 5-day period from January 8 to 12, (2) the highest price at which the seller offered during that same period, or (3) the maximum price during such period at the nearest recognized grain market, which is a source of supply, plus the charge at the carload rail rate from the recognized market to the local market. The ceilings, established by means of a 60-day freeze regulation, will be continued in a later permanent order.

Finally, mention should be made of another action which has been taken to alleviate the protein feed situation. The War Production Board under General Import Order M-63 grants permits to importers to bring in vegetable protein feeds from Mexico and animal proteins from Argentina. This action should not be looked upon as a public purchase program, as all feeds imported under the permits granted by W.P.B. will be handled through the regular channels of trade. Of course it is impossible to estimate the volume of protein feeds that will be imported by the action taken, as much will depend upon the transportation facilities available.

January 28, 1943

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